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# A non-smoking future?

A document analysis on the shift from smoking to non-smoking products

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**Abstract:** Tobacco companies have long been subject to criticism for their production and marketing of tobacco products. However, in recent times tobacco companies themselves champion a “smoke-free” future, a change of narrative that is thought to be driven by the shift in products they are selling. This thesis aims to analyse how tobacco companies have changed their communications towards stakeholders by conducting a qualitative study. Impression management theory is used as a way of interpreting and analysing annual and CSR reports. Our analysis confirms that these companies have changed their communications and shifted their focus towards non-smoking products. They employ strategic communication to legitimise and project an appealing image of themselves.

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**Keywords:** Impression management, Legitimacy theory, Tobacco industry, Non-smoking tobacco, CSR.

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# 1. Introduction

## 1.1 Background

The *tobacco* industry, an industry often criticised by the media and dismissed by asset managers due to its controversial nature, continues to be large. This is despite the fact that cigarette smoking has been declining for the entire twenty-first century. More than 1.6 million manufacturing workers are employed in this industry and provide tobacco to at least 1.1 billion people globally. (Philip Morris International, 2022). As society is increasingly shifting to a future where sustainability issues are becoming more and more important, tobacco companies are noticing and responding, devoting more time and money towards these matters. For example, companies like Philip Morris International, British American Tobacco and Imperial Brands all claim to see a future where we no longer use cigarettes, instead, *non-smoking tobacco* products will be the new norm (Imperial Brands, 2021) (Philip Morris International, 2021) (British American Tobacco, 2021).

Today, sustainability is an important pillar of corporate society, and corporate social responsibility, or CSR, has become an important part of many businesses' operations and strategies. Consumers, employees, and investors are increasingly interested in knowing how companies are impacting society and the environment (KPMG, 2022). Most large businesses, 96% of G250 companies according to KPMG (2022), produce annual CSR reports that detail their efforts and progress in relation to social and environmental issues. Over the past two decades, sustainability reporting has been largely voluntary, and the format of these reports can vary depending on the company's preference. This voluntary aspect of CSR reporting allows companies to fill their reports with information of their choosing, such as case studies or stories that illustrate the company's CSR efforts. Due to this increased focus on sustainability matters companies often try to improve their sustainability-related metrics. Social aspects could, for example, be improved by addressing the treatment of workers, or health concerns. However, can tobacco companies, who sell products that kill more than half of their users at a rate of approximately 8 million people per year (World Health Organisation, *Tobacco*, 2022) claim to have anything to say on social issues? They seem to think so.

#### 1.1.1 Tobacco and health concern

The history of tobacco is long and complex. However, in modern times the harmful health effects of cigarette smoking have contributed towards a decline in popularity, especially in the western world. Despite this, cigarette use is still increasing in some parts of the world, particularly in developing countries (Egbe et al., 2022).

Tobacco products, especially cigarettes, have often been linked to several harmful health effects. Cigarettes contain nicotine, which is highly addictive and can lead to several health problems. They also include tar and carbon monoxide, which contribute to heart disease and lung cancer. In 2008, the World Health Organization named tobacco the world's single greatest preventable cause of death.

#### 1.1.2 Non-smoking tobacco

Non-smoking tobacco products exist in many forms and have become more popular in recent years. Some of the most common non-smoking tobacco products include tobacco heating products, nicotine replacement products, smokeless oral tobacco products like snus or chewing tobacco, and vapour products.

Tobacco companies refer to these products with several different names. Some of these names are reduced-risk products or RRP's, potentially reduced-risk products or PRRP's, next-generation products, smoke-free products, non-combustibles or simply new products. This is despite the fact that smokeless oral tobacco products like snus and chewing tobacco have been around for a long time and are not technically "new". Due to the different names used by different companies, these terms for non-smoking tobacco products will be used interchangeably throughout this paper. It is also worth noting that tobacco companies often refer to smoking products, like cigarettes, as combustibles.

Non-smoked tobacco products do not affect the lungs to the same extent cigarettes do, thus becoming a somewhat less harmful option, a fact several major tobacco firms point out. They also remove exposure to second-hand smoke, reducing possible harm to others. Swedish match, the biggest snus manufacturer in Sweden, mention on their website the "...*health benefits of*

*Swedish snus compared to cigarette smoking*” (Swedish Match, 2022). This however does not mean that there are no other obvious health implications from snus (Roosaar et al., 2008), or other non-smoking tobacco products. They are also addictive like cigarettes.

## 1.2. Thesis focus

This thesis applies *impression management* theory to study communication strategies used in legitimacy-seeking efforts by tobacco companies. *Legitimacy* is often thought of as a key aspect of business today, especially in regard to sustainability matters. Since the authors believe that there exists an inherent contradiction between a sustainable society in regard to health factors and the tobacco industry, this area is a logical and interesting focal point. Therefore, the main focus of this paper will be on the *health* part of social issues, not environmental or governance matters.

## 1.3 Thesis contribution and research gap

Several factors make this subject interesting to study. First of all, we have not come across any studies on tobacco companies that specifically addresses this subject. There is interesting research regarding sustainability and tobacco companies as a whole, but there are no studies where the social health aspect is the primary focus. Secondly, as non-smoking tobacco products are gaining traction on the market, a review of how tobacco companies use them to promote themselves is relevant. Last but not least, whether good or bad, our society is placing more emphasis on sustainability issues and all that it entails. How are we supposed to interpret sustainability focus in the light of new, smokeless and less, but still, harmful tobacco products? This thesis hopes to explore these matters.

## 1.4 Purpose and research question

This thesis aims to investigate the shift from smoking to non-smoking tobacco products by reviewing communicative changes in tobacco companies’ annual and CSR reports. By studying this we can better understand how tobacco companies are changing and whether we are moving towards a non-smoking future. To accomplish this research, a qualitative study approach in the form of document analysis is performed. Using impression management theory, the material will

be analysed to try to find a common theme among the reports and to investigate if any trend in communications or portrayal can be observed. By answering the following research question, this research purpose will be accomplished:

*“How are tobacco companies changing their communications towards stakeholders, and are non-smoking tobacco products a part of this possible shift?”.*

## 2. Theory

*A summary of previous related literature and the theoretical framework is presented in this section. The theory is intended to describe how impression management plays a role in organisational legitimacy and how controversial industries work with legitimacy issues. The theoretical framework presents the impression management techniques that will be used to perform our document analysis.*

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### 2.1 Literature review

#### 2.1.1 Brief history of legitimacy

*Legitimacy* is closely tied to social responsibility defined by Bowen (1953). Social responsibilities refer “to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953). Bowen implied that large companies held responsibilities and that their actions impacted people’s lives. Additionally, he made the point that companies were accountable for the effects of their decisions in an area larger than that indicated by their profit-and-loss statements.

Later on, Suchman (1995) stated that legitimacy is “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. In a sense, Suchman was furthering the earlier statement from Bowen on social responsibility. Chen and Roberts (2010) expand on this notion and describe legitimacy as an implicit contract based on the notion that society has the power to grant or withdraw an organisation’s right to exist and conduct business and that an organisation’s survival rests on its ability to live up to society’s expectations of accepted social standards. It’s interesting to note that Suchman also thought organisations seeking legitimacy should manipulate or conform to their environment. Within legitimacy theory, society is viewed as a single actor with a unified set of social standards, with organisations also viewed as unified

actors. These assumptions enable conclusions about the intent of different strategic decisions (Cho et al., 2015).

### 2.1.2 Forms of legitimacy and legitimacy strategies

Suchman (1995) identified three forms of legitimacy, *pragmatic*, *moral*, and *cognitive*. *Pragmatic legitimacy* relates to an organisation's self-interest when pursuing different efforts. Pragmatist organisations won't take any action (even social or ethical action) without first protecting the interests of their shareholders. An activity's *moral legitimacy* is determined by whether it is deemed to be "the proper thing to do". This is usually determined by whether the activity advances societal welfare, as determined by the socially created value systems of the community. An organisation gains *cognitive legitimacy* when it works toward objectives the public views as proper and desirable. Unlike pragmatic and moral legitimacy, cognitive legitimacy does not include evaluation, as society views cognitive organisations as necessary.

Suchman (1995) also saw the need to divide legitimacy strategies into three categories. Companies that want to *gain*, *maintain* or *repair* their legitimacy should employ different approaches. The adoption of a legitimacy strategy by an organisation depends heavily on communication between the organisation and its various stakeholders (Suchman, 1995). This framework can be used for analysing organisations' strategies when pursuing legitimacy (Ogden & Clarke, 2005). *Gaining legitimacy* encompasses the need for an organisation to be accepted for an activity in general or for its own validity as a practitioner. *Maintaining legitimacy* should, in general, be less problematic than gaining legitimacy according to Suchman (1995). However, inaccuracy, irregularity, shocks, innovations or imitation failures can threaten organisations that are perceived as legitimate. Although gaining legitimacy and *repairing legitimacy* share many similarities, repairing legitimacy differs in that it typically involves attempts to re-establish legitimacy in reaction to an unanticipated crisis of meaning.

Legitimacy strategies		
<i>Gain</i>	<i>Maintain</i>	<i>Repair</i>

### 2.1.3 Legitimacy through CSR reporting

Today *legitimacy theory* often serves as the foundation for a lot of CSR research (Gray, Kouhy, & Lavers, 1995), since CSR reports are a crucial part of the adoption of a legitimacy strategy and a vital form of communication between organisations and their different stakeholders. In this research, CSR reporting is typically seen as a way for companies to strategically affect how society perceives them (Suchman, 1995). It can also be a way to neutralise demands for increased accountability (Ramus & Montiel, 2005) and to reduce the effect of external pressure from stakeholders or regulatory bodies on their bottom line (Davidson & Worrell, 2001; Wright & Rwabizambuga, 2006). Other studies view CSR disclosures as proactive rent-seeking in an effort to open up new markets and, more importantly, to increase brand equity (Esty & Winston, 2006), as well as promoting the ends of individual organisations (Malsch, 2013). The way that companies go about their CSR reporting varies a lot. Part of the explanation for this can be found in the voluntary and unregulated nature of reporting. It has been established that selective, incomplete, or biased disclosures are problematic and can mislead stakeholders (Boiral, 2013) and that, occasionally, companies' initiatives can be misdirected (Newton & George, 1997), or even deceptive (Ramus & Montiel, 2005). However, there are also studies that argue that CSR initiatives and reporting can be linked to CEOs, founders, and other executives manifesting their own values and beliefs (Bansal & Roth, 2000).

Cho et al. (2015) argue that organisational hypocrisy and dishonest façades should be expected within legitimacy theory due to conflicting institutional and social pressures. They argue that different stakeholders exert conflicting pressures on companies, forcing them to employ strategies to reach a minimally acceptable standard, potentially driving companies to act hypocritically. In this situation, organised hypocrisy and façade creation are necessary since companies would probably suffer otherwise. Because of this, businesses articulate new, sustainable identities (Tregidga, Milne, & Kearins, 2014).

### 2.1.4 Studies of controversial industries

Previous studies have examined the tobacco industry's CSR reporting and disclosures. However, in these studies, the tobacco industry is frequently combined with other controversial industries. This is the situation in the study by Dhandhanian and O'Higgins (2021) that looks into the tobacco

and gambling industries in the United Kingdom. They expand on Suchman's concept of legitimacy by comparing corporate social responsibility reporting with real company behaviour through *regulatory*, *pragmatic*, *moral*, and *cognitive* lenses. They conclude that there is an inconsistency between the actual behaviour of studied companies and their corporate sustainability reporting. Companies in controversial industries utilise CSR disclosures in a way that keeps them, at the very least, within the boundaries of survivable legitimacy.

This is consistent with Jindrichovska, Kubickova, and Stratulat's (2019) findings, who reached a similar conclusion after researching annual reports from Philip Morris International in the context of the Czech Republic economy. Even a small degree of legitimacy is necessary for controversial companies to continue operating and prevent more harsh regulations and taxes. The fact that many companies were actively getting ready for sustainability reporting even before new rules went into effect suggests that they are aware of this. Dhandhanian and O'Higgins (2021) describe this phenomenon, where companies attempt to influence "evaluators" to observe and judge them favourably in regard to legitimacy, as "legitimacy-as-perception". They also identify regulators and consumers as the primary stakeholders involved with tobacco and gambling companies. Public opinion, which is also important, is in the background and is influenced by media, NGOs, and community organisations.

The studied companies also tried to convince stakeholders, with their reporting style, that they were socially and environmentally responsible. This is not unique to the tobacco industry. Studied CSR reports from companies within controversial industries usually shy away from all negativity, instead focusing entirely on their good deeds and contributions, this can for example be the support of a charity. This minimal narrative disclosure entails the lack of negative information that may otherwise grab the reader's attention (Dhandhanian & O'Higgins, 2021). This is consistent with O'Donovan's (2002) findings that established that environmental disclosures in annual reports were designed as a public relations tool to present a favourable picture of a company's social and environmental performance. However, avoiding difficult issues emerging from their operations in their CSR reports may be a good way for controversial companies to remain under the spotlight. Research by Campbell et al. (2003), indicated that corporations in industries with greater apparent legitimacy gaps disclosed less than those in

industries with smaller gaps. It has been determined that errors that fit into a pattern are more likely to go unnoticed and that recently identified offences receive a lot of press.

Still, it is noteworthy that despite attempting to project a positive image through various CSR-inspired strategies, actual credibility remained in doubt for companies in controversial industries (Jindrichovska, Kubickova, & Stratulat, 2019). This conclusion is similar to Dhandhanian and O'Higgins's (2021) findings that state that controversial industries are always regarded as illegitimate by certain stakeholders. They, therefore, suggest that pragmatic CSR by itself can win only limited success. Jo and Na (2012) state that CSR-inspired efforts could for example consist of companies working with local communities or donating funds to various activities in an attempt to improve their name, in what can be considered as window-dressing activity.

Earlier studies also revealed that there is a positive relation between CSR engagement and company value and that management in controversial industries in the US considers social responsibility important even though their products are harmful to humans (Cai & Pan 2012). Tobacco companies are also a significant source of tax revenue for governments, efforts are often made to convince politicians and bureaucrats of their benefits to the public in terms of taxes, while simultaneously downplaying their overall costs to society (Dhandhanian & O'Higgins, 2021). Additionally, there are other ways controversial industries seek legitimacy. For instance, businesses may alter their names to conceal their line of work, as two tobacco corporations did by omitting the term "tobacco" (Kuruppu, 2019).

#### 2.1.5 Impression management in research

There are many ways to attain legitimacy, as has been concluded by the aforementioned research. By, for example, carefully managing outward communications, organisations work to achieve legitimacy. This is frequently accomplished through so-called *impression management* techniques, which are therefore frequently connected to legitimacy aspects. Impression management describes behavioural strategies used to construct desirable social identities or images (Tetlock & Manstead, 1985). Initially, the idea was applied to psychology to describe an individual's self-promoting behaviour. However, organisations also care about how they are

perceived, and impression management has therefore been used in accounting and organisational research too. Organisations use impression management methods to affect stakeholders' opinions (Bansal & Clelland, 2004; Bolino et al., 2008; Cho et al., 2010), and they often employ a variety of impression management strategies when exposed to events or intense social pressures that could adversely affect their legitimacy (Elsbach & Sutton, 1992). One can also define impression management as an activity used by organisations to manipulate, through their communications, to secure external support (Brennan & Merkl-Davies, 2013; Merkl-Davies et al., 2011; Ogden & Clarke, 2005).

#### 2.1.6 Impression management through CSR reporting

Previous research has demonstrated the importance of CSR reporting for organisational impression management (Dhandhanian & O'Higgins, 2021). According to this literature, CSR disclosures often portray an idealised version of reality while hiding unfavourable facts (Cho et al. 2010; 2012). It has also previously been concluded that controversial companies in particular use CSR reports to give the impression of themselves as legitimate businesses (Dhandhanian & O'Higgins, 2021). This is in line with the findings from research on establishing legitimacy through CSR reporting, which was to be expected given the close relationship between legitimacy and impression management. However, it is worth noting that there are limits to what impression management can accomplish (Ogden & Clarke, 2005).

#### 2.1.7 Impression management techniques

Impression management consists of several different techniques. However, researchers have generally divided impression management techniques into two categories, *assertive* and *defensive*. The purpose of *assertive* impression management techniques is to improve corporate image (Cho et al., 2012). This is achieved by promoting certain identities, reputations, and characteristics that suit the long-term objectives of the organisation. Conversely, *defensive* impression management strategies are usually employed short-term to uphold a company's reputation or to defend a controversial practice, situation, or behaviour (Ogden & Clarke, 2005). These techniques are often employed in connection with negative events, scandals or organisational crises.

Within *assertive* impression management, there are several different techniques. Five of these are *self-promotion*, which entails persuading an audience that one has a certain trait, like competency; *entitlements*, which include attempting to gain recognition for good results; *enhancements*, which involve declarations that specific incidents or behaviours are more positive than people would believe; *exemplification*, which involves setting an example or serving as a role model for some morally righteous or ethical behaviour; and *ingratiation*, which entails self-enhancing communications with the aim of winning over a specific audience (Ogden & Clarke, 2005; Dunne et al., 2021).

In comparison, *defensive* impression management has techniques like *dissociation*, a strategy used by organisations to disassociate themselves from unfavourable or potentially damaging events; *apologies*, which entails taking responsibility for a negative incident that took place, usually along with a vow to act better in the future; *excuses*, whereby an organisation tries to deny responsibility for an incident; *justifications*, whereby an organisation accepts responsibility for an event's results but rejects any blame or accusations that any harm was caused as a result of the event (Dunne et al., 2021).

<b>Assertive</b>				
<i>Self-promotion</i>	<i>Entitlements</i>	<i>Enhancements</i>	<i>Exemplification</i>	<i>Ingratiation</i>
<b>Defensive</b>				
<i>Dissociation</i>	<i>Apologies</i>	<i>Excuses</i>	<i>Justifications</i>	

Two other noteworthy components of impression management are repetition (Pesci et al., 2015), and visual images as effective forms of rhetoric for impression management (Aerts & Yan, 2017; Brennan & Merkl-Davies, 2013).

## 2.2 Theoretical Framework

Since the aim of this thesis is to study how tobacco companies are changing their external communications, specifically in relation to health aspects connected to the shift from smoking to

non-smoking products, we have chosen to focus on the impression management techniques employed in their annual and CSR reports. It is interesting to examine these disclosures from an impression management perspective since companies in controversial industries consciously manage their external communications to promote their legitimacy.

When preparing a typology for this research area the authors have considered all aforementioned impression management strategies. We have chosen to focus on assertive impression management techniques since prior research states that companies in controversial industries refrain from disclosing anything that can be perceived as negative in their own reporting. Therefore, we expect to find fewer instances of defensive impression management strategies when reviewing disclosures by tobacco companies. Furthermore, defensive impression management often consists of tactical, short-term techniques often used in times of organisational crisis. We believe that strategic, long-term assertive impression management techniques lend themselves better for analysis over a time span which is the focus of this thesis. Due to these reasons, we have decided to omit defensive management techniques from our typology. The assertive impression management techniques that will be focused upon in the analysis are the aforementioned *self-promotion*, *entitlements*, *enhancements*, *exemplification* and *ingratiation*.

<b>Assertive management techniques</b>	
<i>Self-promotion</i>	is used by organisations to highlight their competencies and expertise. For this thesis, self-promotion will remain broad but often fall in the category of highlighting the business' innovative nature and developments within the non-smoking product range.
<i>Entitlements</i>	are when organisations take credit for a positive outcome and attribute it internally. In regard to tobacco companies, this can for example be them taking credit for a decrease in cigarette consumption, whilst others might argue that the decrease is not happening as a result of efforts from the tobacco companies.

<i>Enhancements</i>	are used by organisations to accentuate the desirability of a positive event for which they were, at least partially, responsible. This can, for example, be the tobacco companies describing the positives of risk-reduced products.
<i>Exemplification</i>	involves projecting an image of integrity or moral worthiness. Tobacco companies do this by, for example, publications of research and sustainability goals.
<i>Ingratiation</i>	is self-enhancing communication with the aim of winning over a specific audience. This can for example be tobacco companies talking positively about regulatory frameworks and legislative action in specific countries.

### 3. Methodology

*The following section first presents the chosen method of document analysis and its features. The companies, the timeframe boundaries, and the method used to analyse the empirical data are then described. Examples of the analytical process and an additional document analysis method are described in the section's conclusion.*

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#### 3.1 Research design

##### 3.1.1 Document analysis and data

This thesis will use document analysis as its research tool. Document analysis takes its form by analysing text and documents released by the current company or person being investigated (Bowen, 2009). Documents in the form of annual reports and sustainability reports will be analysed as they provide a consistent and reliable source of data for comparing organisations' use of impression management strategies throughout time. Annual and CSR reports are a primary way for companies to communicate with shareholders and various stakeholders, and as prior research indicates, especially used by companies in controversial industries to indicate legitimacy. Through these disclosures, the CEO and Chairman put out statements relating to the past year and the future ambitions of the company. The same goes for their CSR report if it is not integrated with the annual report. The narrative of these statements, and how they have changed over time, are therefore of interest. The way the chosen companies communicate through the CEO statement, the Chairman statement, the description of the companies' products and health-related sections of the CSR reports will thus be the main focus of our analysis. Since we are looking for information and clues in the provided reports, the analysis will take an abductive form. Other areas of interest are key performance indicators, or KPI's, as these performance measurements indicate and evaluate organisations' chosen predetermined goals. KPI's are typically quantifiable and specific and can be used to track progress over time.

### 3.1.2 Features of document analysis

There are some key positives and negatives to document analysis. Bowen (2009) mentions several positives of document analysis. Some of these, that this thesis will include, are:

1. *Availability*, which is a central piece in this thesis. Annual and CSR reports are easily accessible and can be read and analysed without any needed authorization.
2. *Coverage*, since annual reports by law require disclosures and transparency, investigating these documents from selected companies will provide the authors with a broad range of information that can be used to understand the tobacco companies that are being investigated.
3. *Stability*, since it cannot alter or change annual reports or sustainability reports without proper notice, the material reviewed stays the same. This gives the authors and readers the ability to review the material many times without any changes, both now and in the future. This is very suitable for a review of released material since the thesis is that their communications might have changed.

According to Bowen (2009), some of the negatives of document analysis are:

1. *Insufficient detail*, annual reports and sustainability reports are not produced for researchers and students. They are produced and aimed at shareholders and stakeholders in general. This could create gaps for researchers that otherwise would have been beneficial to investigate. For the purpose of this paper, insufficient detail is not an issue. We are looking to determine how or if the tobacco companies have changed anything in their communication via their annual reports. To do this, we do not need or use any other material than the annual reports in question.
2. *Biased selectivity*, there is a risk that a company or organisation only provides the reader or researcher with documents that align with its own interests. This would lead to a misleading picture of the research subject. However, in this study, this is not an issue. Since this thesis will investigate how these tobacco companies portray themselves, “biased selectivity” becomes a non-issue.

## 3.2 Subject boundaries

### 3.2.1 Choice of companies

This thesis will use *Philip Morris International*, *British American Tobacco* and *Imperial Brands* as subjects to be reviewed. These three companies were chosen based on a few key considerations. They are all public companies with a history of public annual and CSR reports, however, Imperial brands do not have separate CSR reporting. They are number 1, 2 and 4 respectively with respect to overall market share in the world if the state-owned company Chinese National Tobacco Corporation is excluded (Tobacco Tactics, 2021). The Chinese National Tobacco Corporation is not suitable for our purposes since it is owned and controlled by the Chinese state, also they don't publish any financial data beyond profits. The third-largest company, Japan Tobacco International, has also been excluded. The reason for this is due to the fact that they are headquartered in Japan, which limits their communication in English, as well as the author's unfamiliarity with Japanese reporting standards and customs. Together these factors lead the authors to believe that the thesis will be both better and more well-informed if Japan Tobacco International is excluded.

*Philip Morris*, or PMI, is the world's largest multinational tobacco company, with products sold in over 180 countries. The company's history dates back to 1847 when Philip Morris opened a shop in London. In 1902, the company began selling its cigarettes under the Marlboro brand, which quickly became one of the world's most recognisable brands. Today, Philip Morris has a wide portfolio of products that includes cigarettes, cigars, and several types of smokeless tobacco, one of which is IQOS, an electronic cigarette device that heats tobacco instead of burning it. The company is also a major sponsor of sporting events and cultural initiatives around the world (Philip Morris International, 2022).

*British American Tobacco*, or BAT, is the world's second-largest tobacco company, with a portfolio of well-known brands including Pall Mall, Lucky Strike, Dunhill, and Kent. The company has a strong presence in both developed and emerging markets, with a particular focus on Asia-Pacific, the Middle East, Africa, and Latin America. The company is also working on

expanding and developing non-smoking tobacco variants, among these are nicotine pouches from the brand Velo, and snus under the brand name Grizzly (British American Tobacco, 2022).

*Imperial Brands*, or ITB, is the world's fourth-largest international tobacco company measured by market share. This British multinational tobacco company has a portfolio of well-known brands that are sold in more than 160 countries around the world. These brands include Davidoff, Gauloises Blondes, Gitanes, John Player Special, Lambert & Butler, Newport, and Winston. Imperial Brands is also the world's largest producer of cigars, fine-cut tobacco, and tobacco papers. In recent years, Imperial Brands has expanded its focus from traditional tobacco products and has launched several new products, including e-cigarettes, heated tobacco products and nicotine pouches. These brands include Zone X and Skruf (Imperial Brands, 2022).

### 3.2.2 Timeframe boundaries

This thesis will review communications from the year 2014 until 2021. The reasoning behind starting the review in the year 2014 is due to the launch of IQOS (Philip Morris International, 2014), a major event in the tobacco world. To date, this product has grown from zero to more than nineteen million users as of the 30th of September 2022 (Philip Morris International. 2022). The debut of IQOS, in the authors' opinion, is significant and may have altered how Philip Morris International and others shifted their communication and business focus. Our review will stretch until the year 2021 since at the time of writing there is no annual report for 2022 to analyse.

## 3.3 Data analysis process

### 3.3.1 Meaning-oriented content analysis

To investigate how these companies implement impression management strategies in their annual and CSR reports the authors of this paper will be using meaning-oriented content analysis. Merkel-Davis and Brennan (2007) state that meaning-oriented analysis can allow for a "richer investigation that focuses on the deeper meaning of the text". We agree with this sentiment and it fits the purpose of this thesis. Therefore, the data analysis will focus on sentences and underlying meanings in the analysed material. This method leaves room for bias and interpretation, however, this will be mitigated by a system of coding. A strong guideline is

needed to ensure that we do not stray from the intended definitions and interpretations of the material we are using, therefore the authors will analyse the data individually, and sort statements into subgroups derived from our impression management typology. The five assertive management techniques that have been chosen have frequently been used in research on organisational impression management; for example, see Ogden and Clarke (2005) and Dunne et al. (2021). Although there are more assertive impression management techniques than the five selected, these five seemed to fit this thesis. Other assertive management techniques are found in, for instance, psychological studies, which we have therefore opted to omit. Occasionally the chosen impression management techniques overlap; for instance, a statement might fit into two of the categories indicated above. A statement that emphasises one's moral value can also serve as a promotion for oneself. Since this can be seen as both self-promotion and exemplification, classifying becomes somewhat problematic. In these situations, we have decided to group statements into only one type. The authors will thereafter check each other's categorisation to minimise interpretation issues when coding. If there are differences the one chosen will be determined by what the authors think is most logical and appropriate.

### 3.3.3 Example of the analytical process

An example of a statement that can be seen as two different assertive impression management techniques simultaneously is:

*“We continue to be clear that combustible cigarettes pose serious health risks. The only ways to avoid these risks are to not start or to quit smoking. For those who still smoke, we encourage them to switch to scientifically substantiated, reduced-risk alternatives”* (British American Tobacco, 2020).

This quote contains both what can be considered exemplification and enhancement impression management. A sense of morality, i.e exemplification, is displayed in this quote, encouraging giving up smoking whilst also being forthcoming with the associated health risks of smoking. At the same time, they mention their new non-smoking products. The non-smoking products are presented in an appealing manner since they are compared to cigarettes, they do however also pose health risks. By only comparing the health aspects of their non-smoking products with

cigarettes they enhance their appeal, this can therefore be considered enhancement. In this case, the authors concluded that the enhancement of their non-smoking products was the primary objective of this statement. The notion that cigarettes offer significant health dangers is not a new assertion; at this point, society as a whole is aware of this.

### 3.1.3 Additional document analysis methods

To enhance our analysis of sentences in the reviewed material, we will also to some extent review the prevalence of certain words. This can be useful to help identify key terms and concepts that are mentioned frequently, as well as the possible increase or decrease in the use of these words throughout the chosen research period. For this purpose, we will examine the full documents. We chose to not only analyse the word counts in the chairman and CEO statement because, after a quick review, we came to realise that the pattern was even more clear when counting all the words in the document. It is worth noting that the reviewed documents vary in length and total word count during the studied timeframe. The CSR reports have increased in length, for example, BAT's CSR reports have gone from 18 pages to 126 pages during the studied period. PMI also did not have separate CSR reporting until 2015.

To help us perform these tasks, we used NVivo 12 for coding and word counts. We believe this program helps us structure and maintain proper frames to produce a high-quality content analysis.

## 4. Findings and analysis

*The findings are summarised and analysed in the section that follows, which is organised according to the five assertive management strategies that were specified in the theoretical framework.*

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### 4.1 Self-promotion - highlighting their skills and innovative nature

Self-promotion, communications meant to persuade an audience that one has a certain positive trait, was common in all the reviewed reports. All the companies want to highlight their expertise in financial management whilst also showcasing themselves as innovative companies where people want to work. A major focus was during the later years being put on showcasing their innovation in regard to smoke-free products.

When it comes to self-promotion, early reports from all companies tended to put the focus on financial performance. Generic quotes such as *“Our transition initiatives are strengthening the quality of our business and our ability to generate sustainable shareholder returns.”* (Imperial Brands, 2014) were commonplace and shareholders were in focus even as they promoted themselves. We noticed how that started to change during the next few years.

PMI and BAT started to promote their efforts of smoke-free tobacco products more and more in successive reports and in the later reports sentences such as *“Our success in smoke-free products is driven by continuous innovation”* (Philip Morris International, 2021) were common.

Mentions of the word <i>smoke-free</i>								
Year	2014	2015	2016	2017	2018	2019	2020	2021
PMI Annual and CSR Report	39	53	245	282	384	559	594	802
BAT Annual and CSR Report	55	47	55	57	79	93	139	154
ITG Integrated Annual Report	14	13	14	16	24	25	30	39

BAT were also eager to show how well they are doing with these new products, producing statements such as *“Each of our New Category brands grew revenue by more than 30%, with total New Categories revenue up 42.4% to £2,054 million.”* (British American Tobacco, 2021). Self-promotion of financial results and innovations related to new products were often combined with another technique such as exemplification, where they first showed how they cared about customers, and that made them very innovative and enabled their smart team to come up with new exciting products.

Interestingly, ITG did not use self-promotion in any broader sense related to their next-gen products, instead, they focused on other techniques to do this. ITG instead had most of their self-promotion focus still pointed in the direction of hard financial results, where the above quote from 2014 just as well could have been used in 2021. This is therefore in contrast with both PMI and BAT, which as mentioned toned down their self-promotion related to financial results in favour of self-promotion related to next-generation products.

## 4.2 Entitlements - taking credit for achievements that were not their own

Entitlement, an impression management technique where one takes credit for positive outcomes increased in the latter reports. The studied companies tried to present themselves as a part of a solution rather than the cause of an issue. They wanted the reader to believe that they were working towards a sustainable future, or a “smoke-free future”, as PMI would have put it. All companies were quick to portray the decreasing prevalence of smoking as something positive for the companies in question. It should be noted that they do not mention regulation as a force that decreases cigarette consumption. Instead, the companies choose to frame it in another way. They instead give the reader the sense that it is because of them, or at least partly, why smoking is decreasing. Examples of these types of statements are listed below:

*“Propelled by science, innovation, and ambition, we are well positioned to accelerate our journey to a smoke-free future and achieve our bold ambitions through 2025 and beyond.”*  
(Philip Morris International, 2021).

*“I also want us to make a meaningful contribution to harm reduction and reduce the public health impact of smoking”* (Imperial Brands, 2020).

*“We call this ambition ‘transforming tobacco’ and we are fully committed to leading this transformation”* (British American Tobacco, 2017).

The closer you get to the annual and CSR reports of 2021, the more you read about these efforts. They all attempt to convey to the reader their own goal of “transforming tobacco”, or developing new, less harmful ways to deliver tobacco and nicotine to consumers.

In the later reports the studied companies presented KPI’s, for example, BAT started publishing KPI’s in 2017. These performance metrics indicate and evaluate predetermined goals the companies are tracking and want to communicate. These are interesting to look at as they present what the companies find important to track as well as what they want to say publicly. In general, most of the ESG-related KPI’s are related to environmental and governance issues, areas in which the tobacco companies have been keen to promote their advances. However, there are KPIs that are concerned with social issues; most of them pertain to different worker safety issues, but some of these are concerned with health. PMI presents a few tangible KPI’s that connect to health issues. An example of this is, for example, “*combustible product shipment volume*” (Philip Morris International, 2021). The disclosure of this is interesting as it shows a downward trend, detrimental to PMI’s business, it does however align with the narrative that they are shifting their business to a smoke-free future. However, the fact that fewer people are smoking is probably not a result of PMI’s initiative, but rather reflects a change in the way society views cigarettes. Presenting this KPI can therefore be considered an entitlement.

#### 4.3 Enhancements - accentuating the desirability of certain events

There are several enhancements of various facts and statements throughout the analysed materials. Usually, these communications highlight only the positive aspect of an event, making it seem more desirable. They are intended to display the companies’ good intentions, but ultimately consist of mostly pragmatic attempts at legitimisation. Tobacco companies enhance the reasons behind their continued cigarette sales, as well as their views on shifting societal

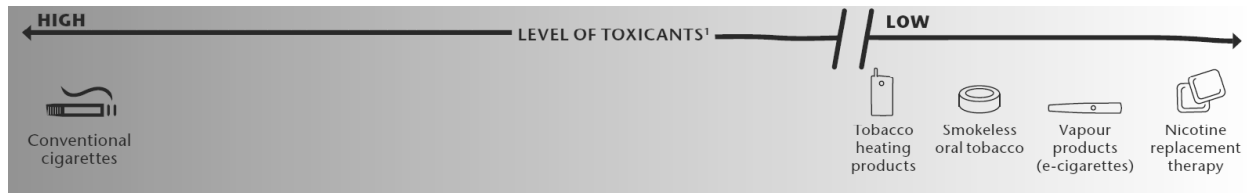
attitudes. Furthermore, the companies enhance the health aspects of their non-smoking product portfolio and KPI's.

The first noteworthy example is the enhanced reasoning behind the companies' ongoing cigarette operations, even though they have identified health implications from their cigarettes. In earlier reports BAT argues that if they stopped production another company would simply step in and take their place, or that their absence would result in an increase in illicit cigarette trade. In later reports, BAT states that their continued sales of cigarettes are financing their new tobacco initiatives. This can for example be seen in their annual report which states: *"The continued performance of our combustibles business will generate the funds necessary to invest in new categories and transform the business"* (British American Tobacco, 2021). BAT suggests that the revenues from cigarette sales will help society by developing new safer products. Some of the funds from combustibles sales are most likely going towards developing new products, however, the tobacco companies have also been paying increasingly generous dividends to shareholders throughout the studied period. A fact that is also usually mentioned by the chairman and chief executive in their annual report statements.

As societal attitudes are changing tobacco companies are noticing and adapting. This change is surprisingly presented as something positive by the tobacco companies since it provides growth opportunities for them. BAT, for example, states: *"Of course, we live in an age of relentless change... societal attitudes are changing. These changes are providing us with growth opportunities we could not previously have imagined"* (British American Tobacco, 2019).

In actuality, these societal changes present some of the biggest challenges the tobacco companies are facing. Declining cigarette sales are forcing tobacco companies to adapt and change, instead of continuing their business as usual. In this case, they present this issue in an enhanced manner.

The tobacco companies are also keen to point out that their next generation of tobacco products are healthier than cigarettes. This is often done by graphic images in their CSR reports, for example, with a scale from red to blue or green with cigarettes on the red end and the new offerings on the other end.



(British American Tobacco, 2017).

Alternatively, they cite various studies that show the benefits of switching from cigarettes to other non-smoking alternatives. For example, BAT, in their CSR reports mentioned that:

*“...epidemiological evidence from Sweden over many decades shows that the use of snus, a type of traditional oral tobacco, is substantially less risky with respect to some conditions than smoking”* (British American Tobacco, 2015).

*“The current expert estimate is that using e-cigarettes is around 95% safer than smoking [cigarettes]”* (British American Tobacco, 2016).

These claims give the non-smoking products an enhanced positive impression as they compare them to cigarettes, however, they still have serious health implications. It is clear that this is the case from the names that the companies give these items, such as RRP, reduced-risk products or even PRRP, potentially reduced-risk products. There is still a risk, and it can only be diminished. Throughout the documents, there are only a few mentions of the risks of these new products or the fact that they are still addictive. This is evident from the small number of times the negative word *addictive* is mentioned.

Mentions of the word <i>addictive</i>								
Year	2014	2015	2016	2017	2018	2019	2020	2021
PMI Annual and CSR Report	2	5	8	6	6	7	5	15
BAT Annual and CSR Report	1	1	3	4	8	7	38	45
ITG Integrated Annual Report	0	0	0	0	0	0	0	0

There were a select few instances where the companies were more forthcoming with the negatives of their products, these were however usually in reference to cigarettes. They also downplay the risks of their newer products in these statements. Examples of this are when BAT state:

*“Nicotine is addictive and is not risk-free, but it is widely accepted that most of the harm associated with tobacco comes from burning it and inhaling the toxicants in the smoke”* (British American Tobacco, 2019).

*“We continue to be clear that combustible cigarettes pose serious health risks. The only ways to avoid these risks are to not start or to quit smoking. For those who still smoke, we encourage them to switch to scientifically substantiated, reduced-risk alternatives”* (British American Tobacco, 2020).

BAT published three KPIs that they link to health aspects in 2021, which is a very small number compared to other areas, while PMI publishes a lot more of them. Examples of KPIs reported by both companies include *“research the relative risks of our new category products to smoking”* and *“number of markets with our new category products available”* (British American Tobacco, 2021). BAT also presents a *“revenue breakdown from non-combustible products”* (British American Tobacco, 2021). Since it is debatable how closely any of these actually relate to health, they can be seen as enhancements. Both BAT and PMI carefully phrase the research KPI so that it relates to relative risks between cigarettes and their newer products. This particular research focus will most likely show that there are advantages to non-smoking products over smoking. The companies, however, are reluctant to draw attention to studies that examine the health implications of their newer products on their own. As a result, they enhance the positives of their newer offerings whilst omitting the negatives. The other two KPIs, which measure how many markets their new category products are sold in, as well as the revenues from these products, have little to do with health. The companies indicate that more sales of their new products are good in terms of health. If only cigarette smokers switch to these products and they don’t attract new customers, then this can be somewhat true. However, given the companies are more likely

interested in the growth of these metrics as it relates to revenue, attaching them to health can be seen as an enhancement.

#### 4.4 Exemplification - portraying themselves as companies of integrity and morality

Exemplification, a way of projecting an image of integrity or moral worthiness was common throughout the studied documents. All the reviewed companies were eager to show how they as tobacco companies did well for the world, and that their moral compass should not be questioned. From 2014-2021, one could see a trend in how the companies showed their efforts to make good and be a positive moral force. In the beginning, a lot of focus was placed on anti-slavery efforts, child labour regulations and improvements for potentially vulnerable groups in the supply chain. This can be illustrated by a typical PMI quote, *“External stakeholders continue to recognize PMI’s leadership, with the U.S. Department of Labor recently highlighting the enforcement of our “rigorous child labour policy on all U.S. farms”* (Philip Morris International, 2015). This theme was continued throughout but another element came to light as well, the showcase of moral worthiness within the tobacco and smoke-free sector.

PMI started describing itself as focused on the customer’s well-being. Risk-reduced products were not just a way to make money, but to help customers quit or decrease their smoking prevalence. Strong, pointed sentences were mixed with more subtle messages. A strong example of PMI’s “dedication” to consumer well-being was displayed in 2017 when they wrote that *“We hope that the interests of the men and women who smoke will ultimately prevail over ideology in this debate”* (Philip Morris International, 2017). PMI is not alone in this, and both BAT and Imperial brands also take pride in their goal of harm reduction and safety for their consumers. An example of this is BAT stating: *“As harm reduction is our most material ESG issue, we have long been committed to reducing the public health impact of smoking”* (British American Tobacco, 2019).

An interesting note is that BAT started to communicate about harm reduction for customers earlier and in a clearer way than both Imperial Brands and PMI. Reports going all the way back to 2014 show how BAT use this communication about harm reduction to exemplify their moral worthiness and behaviour. Nowadays, all three companies actively engage in positive

communication about their sustainability agendas, care for consumers and focus on other relevant topics such as child labour.

#### 4.5 Ingratiation - flattering a specific audience with the goal of influencing them

The studied documents contain a variety of ingratiation techniques, particular types of communications frequently made in an effort to influence various regulators, lawmakers, and governments. Ingratiation is accomplished using different strategies, for example, by showing good intentions and emphasising contributions to society. Another way tobacco companies use ingratiations is in the way they signal their willingness to be regulated and collaborate with authorities. Additionally, they recognize and flatter what they believe to be advantageous regulation.

Throughout all the studied documents, we have found examples of companies highlighting their various contributions to society, most likely in efforts to repair their legitimacy. These types of communications were present throughout the studied time period. An early example, from BAT, states: *“We play a significant role in countries around the world. In many countries, we are a top employer and a company of choice for retailers, suppliers, farmers, distributors and other partners... our subsidiaries enabled governments worldwide to collect approximately £30 billion in duty, excise and other taxes on our products, which is eight times the Group’s profit after tax”* (British American Tobacco, 2014). These kinds of self-enhancing statements, aimed towards various authorities, appear in later reports as well. An example of this is: *“The tobacco industry contributes in excess of US\$200 billion in taxes to government treasuries each year”* (British American Tobacco, 2019). It is noteworthy though that they don’t address their costs to society, for example from public health expenses, thus enhancing their statements. This aligns with findings from Dhandhanian & O’Higgins (2021).

The manner in which the studied tobacco companies support and advertise self-regulation stands out. This is an effort on their part to show regulators that they have good intentions, and another attempt to repair their legitimacy. PMI, for example, stated that: *“Strict regulation of cigarettes is necessary given the health effects of the product”* (Philip Morris International, 2015). The companies are also keen to highlight their willingness to work with regulatory bodies. For

example, BAT, states: *“We will continue to lead the industry in proactively and openly engaging with regulators and wider society on regulatory issues and seek to collaborate with governments and other organisations”* (British American Tobacco, 2014).

However, over time, the specific legislations discussed in the reviewed documents have varied. For instance, the idea of non-branded packaging, or the removal of brand insignia, was frequently discussed in earlier documents. The investigated companies were not positive towards this idea which later became reality in several countries. One constant however has been the emergence of the next generation of tobacco products that require regulation, highlighted by the introduction of IQOS by PMI in 2014. One can presume that the tobacco companies are particularly concerned about this issue. They would prefer those regulations surrounding their new products be as lenient as those governing their current business, if not more so. In relation to this topic, ingratiation changes can be seen when the materials are analysed chronologically. Initially, companies state that they are willing to work together with regulatory bodies in regard to their newly launched tobacco initiatives. For example, BAT states: *“We have always been clear that we support regulation that is based on robust evidence and thorough research... That is why, on issues such as the regulation of Next Generation Products, we have been working with governments and regulators to ensure appropriate frameworks are in place... This will help grow the category and meet the demand for less risky alternatives to smoking”* (British American Tobacco, 2015). In later reports, one can see a continuing push for permissive legislation of new tobacco products. For instance, BAT claims that its new tobacco initiative is advantageous to all and ought to be supported: *“We also need the objective and balanced support of public health bodies, politicians, media and academics in driving informed choice and consumer trust. If we can all work successfully together we can drive a triple win”* (British American Tobacco, 2017). This sentiment is continued in later reports.

In the past few years, different jurisdictions have enacted different restrictions pertaining to these new tobacco products. The analysed companies’ reporting emphasises the fact that certain legislators have been more forgiving than others. They recognize and praise regulators who they believe have performed well in terms of regulation. This can, for example, be seen in annual reports from BAT, where they state:

*“The UK is an example of what can happen with the support of regulators and public health bodies... the UK Government has implemented a balanced regulatory regime that discourages youth uptake while also encouraging adult smokers to migrate to potentially less harmful products”* (British American Tobacco, 2019).

*“Some countries have greater restrictions in place. Others, like the UK, view tobacco harm reduction within a regulated framework, encouraging smokers to use potentially reduced-risk nicotine products”* (British American Tobacco, 2020).

PMI also recognizes regulatory bodies whose decisions are aligned with their initiatives. For example, they state: *“Furthermore, the FDA’s authorisation of IQOS 3... was another important step for the tens of millions of men and women in the U.S. who smoke.”* (Philip Morris International, 2020)

## 5. Discussion

*Two themes are covered and discussed in this section. Firstly, how the communication changes are largely connected to the increased focus on non-smoking tobacco products. Secondly, how tobacco companies use communication strategies to present a positive image and transform the narrative.*

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### 5.1 Tobacco companies are shifting focus towards non-smoking products

As indicated by the findings, the discourse changed a lot between 2014 and 2021. We see an increase in the need to seek legitimacy in our three companies over time, although the type of legitimacy has what Suchman (1995), would describe as a pragmatic character. The tobacco companies' reports went from highlighting profits and rising sales to promoting new, less harmful products. This is a gradual shift in emphasis that the companies must consider beneficial in the long run. In the past, tobacco companies and specifically PMI have been aware of shifts in public opinion and have actively tried to anticipate these changes in their reporting (Jindrichovska, Kubickova & Straulat, 2019). We also interpreted that our studied tobacco companies actively try to stay ahead of the curve by, for example, issuing statements that they are *"transforming tobacco"* (British American Tobacco, 2017).

#### 5.1.1 Strategic foresight and tactics to achieve goals

Going back to Jindrichovska, Kubickova & Straulat (2019) their study had interesting conclusions.

In their study, PMI *"was actively preparing for sustainability reporting even before the new regulation came into force"*. Themes of this continue to be seen in PMI, BAT and Imperial Brands. What Jindrichovska, Kubickova & Straulat describe is interestingly enough just the simple fact that PMI was one or two steps ahead of impending regulation. In our study, we saw that all three companies have gone beyond simply being ready for sustainability reporting. They have changed focus from just pitching their original products and their own efforts as sustainable or at least tolerable. Now, they are basing most of their important communication around their next-generation products. This could be seen as these companies once again staying ahead of the

curve. They are anticipating ever-increasing stakeholder scrutiny and are making sure that they are moving ahead faster than their critics can manage.

Jindrichovska, Kubickova & Straulat (2019) also write that *“The company states that it cares about the health of its customers, the working environment, and the labour conditions of its suppliers”*. Originally, this was a holy trio of sustainability for PMI. Now, both PMI and the others have started to focus more and more on consumer safety and health. Labour conditions and sustainable farming is mentioned, but just in passing. The real focus and the message they now are trying to send is that the new products are good for you.

Relating to the above, Dhandhanian & O'Higgins (2021) found that companies classified as operating in “sin industries” (tobacco, gambling, weapons etc) used CSR reporting to create a sort of “legitimacy-as-perception”. The goal here was to influence certain “evaluators”. They would want to influence these “evaluators” since some of them have judicial power, possibly creating problems for these sin industries. Ways of doing this could be to ignore certain parts of what really should be in a CSR report, such as legal challenges or rulings. Dhandhanian & O'Higgins (2021), for example, found that sin industries tended not to mention legal issues.

If we look at Dhandhanian & O'Higgins (2021) and Jindrichovska, Kubickova & Straulat (2019) together, we can start to paint a picture of how tobacco companies have acted before. They have been mindful of coming regulation and outside pressure, they have had a focus on sustainability, they have tried to influence key stakeholders and they have neglected to mention legal issues amongst other issues at hand. Many of these traits are still in place, with some key changes.

Tobacco companies are once again a step ahead, actively engaging with regulatory challenges and placing a lot of focus on them in their annual and CSR reports. They are also using different tactics to achieve their goals.

### 5.1.2 Ingratiation and exemplification as tools to achieve beneficial legislation

Ingratiation and exemplification are powerful techniques in the hands of these companies. Their tactics have changed from being sparse with comments on regulatory challenges to instead mentioning them and then trying to charm their way to success. Regulators have been a clear goal for all companies with their ingratiation tactics. All companies mentioned how regulators are smart, knowledgeable and that they understand that next-generation products will need different sorts of legislation. They are therefore breaking with the tradition described by Dhandhanian & O'Higgins (2021) of not mentioning regulatory challenges. We can also see that the tobacco companies are becoming more aggressive with their usage of exemplifications to create “legitimacy-as-perception”. They are doing this by once again focusing on the health of the consumer when the focus previously had been related to all sorts of sustainability issues. There is now a new point, and that is to show how much they care and want to help cigarette smokers. This also makes it easy to combine ingratiation and exemplification, both showing good moral character and at the same time commending regulators for seeing it as well. This might also be the reason that nowadays they are more keen to mention legal issues, when you “truly” care about your customer, you want to put all cards on the table and show the world why your new “good” vision is not coming to fruition. If they succeed in convincing consumers that they indeed are changing for the better, this could create additional pressure on the regulators to do as the tobacco companies are telling them to. By adding self-promotion, where the companies assert that they are innovative and good at this next-generation product trend, their communicative pivot is complete.

### 5.2 Tobacco companies are changing the narrative, from negative to positive

Faced with a range of challenges, the tobacco companies must adjust in order to continue to thrive long-term. With strategic communication, involving especially *entitlement* and *enhancement* impression management techniques, they try to alter this negative outlook to something positive.

### 5.2.1 Enhancement of the smoking to non-smoking shift

The tobacco companies' future is their non-smoking product portfolio, which is becoming increasingly evident from their reporting. PMI, for example, states that it is working towards a “*smoke-free future*” (Philip Morris International, 2021). This is also clear from the growing contrast in how the tobacco companies describe cigarettes compared to their new products. Cigarettes are described in a non-positive manner, even as harmful. Whereas the newer products are described in positive terms. Often in later reports, the tobacco companies suggest something in the manner of: “*quit smoking if possible, but if you can't quit, you should definitely try some of our new products*”. The tobacco companies use this contrast between new and old products to construct a favourable image of their new products, which in a sense enhances their new product portfolio. Against the backdrop of the tobacco industry's criticised past, their new efforts look a lot more favourable, which the tobacco companies take advantage of. The tobacco companies can afford to classify cigarettes as harmful since they are not a long-term strategy, also the health and negative health aspects are common knowledge. They are however not as forthcoming with their new products, which indicates the importance of the new products for the tobacco companies moving forward. In a sense, they are able to use and transform their past, something negative, to their benefit as it enhances their future.

This strategy is also used to improve the tobacco companies' reputation. Bowen (1953) implied that large companies held responsibilities and that their actions impacted people's lives, which tobacco companies now have started to increasingly incorporate in their own way. Historically their operations have drawn a lot of criticism, and now their new initiatives are met with scepticism. By criticising their former selves, and their old products, they increase the believability of their portrayal of themselves as more concerned with health and other sustainability issues. One could say they are able to enhance their use of exemplification this way.

### 5.2.2 Entitlement of cigarette decline

With the non-smoking product portfolio being less harmful than cigarettes, a lot of the promotion of these products centres around health. This particular health focus has allowed them to shift troubling conversations like the decline of cigarette sales, to become conversations of

sustainability. Given that cigarette sales are the primary source of income for tobacco companies, one might assume that this decline is bad for their business, it is however not presented as such. In later reports, it was even presented as a target, in a self-promoting and exemplification manner. PMI for example has a KPI that tracks the sales of cigarettes next to their other health-promoting KPI's. They use this negative trend, in terms of sales, and present it in a manner so that it is instead deemed positive. The fact that fewer people are smoking is probably not a result of PMI's initiative and is rather due to external factors. However, this does not deter the companies from using this metric as an indicator of their awareness of health issues. This is an effective use of entitlement, where they take credit for something that is not of their own doing.

### 5.2.3 Health ambitions in large tobacco companies

The health aspect, of switching from smoking to non-smoking products, can also be seen as a façade building. As the companies face institutional and social pressures, they are forced to employ new strategies to reach an acceptable level of legitimacy. By projecting an image of taking responsibility and health awareness they are creating a façade in an effort to continue their operation and future efforts. According to earlier research by Cho et al. (2015), this type of behaviour should be expected. Tregidga, Milne and Kearins (2014) also found this type of behaviour necessary since companies would probably suffer otherwise, a sentiment with which we agree. In our case, the tobacco companies fear further taxation and regulations. Because of this, the tobacco companies have articulated new, health-conscious identities as a way of protecting their business. This aligns with Suchman's (1995), theory on pragmatic legitimacy. The companies benefit from being viewed as health-conscious, so a change in outward communication would be the rational thing to do.

## 6. Conclusions

*The section aims to answer the purpose of the thesis and the research question, “How are tobacco companies changing their communications towards stakeholders, and are non-smoking tobacco products a part of this possible shift?”. The section concludes with the limitations of this study and suggestions for future research.*

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### 6.1 Research question and purpose

The communications towards stakeholders have changed a lot during the years analysed, 2014-2021, with non-smoking tobacco products being at the heart of this change. The studied companies are becoming bolder in their statements, with the aim to be able to continue thriving in the market for tobacco and nicotine, albeit in a bit different form. By employing strategic communication choices the companies were able to present themselves in a more appealing manner. They also managed to “flip the script”, turning what usually might be considered negative into something that is seen as more desirable. We have also seen how they, contrary to Dhandhanian & O'Higgins (2021), do not shy away from regulatory challenges but instead try to portray them in different lighting, possibly signalling an overall change in strategy from a more defensive approach to a more assertive way of communicating with stakeholders. This way of communicating has become more and more pronounced during the reviewed years and shows no sign of slowing down.

This study contributes to the previously discussed literature by adding more nuance to how tobacco companies and possibly other controversial industries are employing strategic communication through their disclosures in legitimacy-seeking efforts. It showcases how our chosen tobacco companies have gone from just trying to portray themselves as sustainable in general, to focusing on one aspect they deem crucial for future success, namely next-generation products. This has been done by communication choices through their disclosure, where they use impression management techniques. The use of these techniques, in connection to their

non-smoking efforts, has increased during the last few years. It should be noted that this has been done while the companies at the same time have kept cigarettes as their cash cow, despite no longer focusing on that part of their business in their communication with various stakeholders.

The authors, after conducting this study, believe that we are gradually heading towards a smoke-free future. We interpret the statements regarding the commitment and growth of their non-smoking operations as serious, not just external talk. This contradicts earlier research by Jindrichovska, Kubickova, and Stratulat (2019), who claimed that the credibility of tobacco companies remained in doubt when attempting to portray a positive image. It is worth noting however that their study examined a different timeframe, the years 2011-2016, slightly before the growing trend towards non-smoking products and before the implementation of CSR reporting of most tobacco companies. We perceive that tobacco companies now are believable in what can be seen as a portrayal of a positive image, the movement towards healthier, non-smoking products. Nevertheless, contrary to what the tobacco companies would have you believe, it is likely they are not promoting these efforts mainly for reasons of morality or health. Instead, we find it plausible that these companies are pushing their new product lines as a long-term strategy to offset the decline in cigarette sales. This new approach seems like an attempt to remain relevant in a society that is changing. The tobacco companies' expansion into new markets, increased emphasis on new products, and growth of their non-smoking product lines are all indicative of the genuine intent behind these efforts. The popularity of non-smoking tobacco products is also increasing, indicating that the tobacco companies' efforts are working. The acquisition of Swedish Match, the largest non-smoking tobacco manufacturer, by PMI during the process of writing this thesis further verified these aspirations towards a non-smoking future.

Communication similar to what we have investigated is also expressed in real life. A telling example of this is a statement by Tomas Tobé, a member of the European Parliament and the Swedish moderate party. In an editorial article discussing the non-smoking tobacco product snus, published during the writing of this thesis, he made the statement "*Snus är i sig ingen hälsoprodukt, men däremot i jämförelse med cigarettökning*", or "*Snus in itself is not a wellness product, but it is compared to cigarette smoking*" (Expressen, 2022). A statement that is very

similar in nature to those expressed by PMI or BAT. This could be seen as a display of the tobacco companies' strategic communication having an impact.

## 6.2 Limitations

There are some tasks we regret not being able to do since they would have been highly interesting for the reader of this thesis as well as for us. We have analysed a lot of written material, but have not actually spoken to stakeholders. It would have broadened our study if we had been able to talk with management in the tobacco industry about their feelings about legitimacy. Also, bringing customers and regulators to the table would have been interesting. That is however a different study and beyond the scope of this thesis.

Meaning-oriented analysis can be complicated. What is the meaning behind a sentence? It is often difficult to really know. We have used our best judgement in this matter, but it is all open to interpretation. Coding sentences and words are also to a certain degree subjective. We are aware of this and have tried to explain our thought process and show examples of categorisation, but once again, interpretation matters.

## 6.3 Future research

### 6.3.1 Regional differences - how are other tobacco companies communicating?

This report has a focus on a western audience, due to the headquarters of the companies reviewed being located there. Also, many of the countries PMI, BAT, and ITG sell to are European or American. As mentioned in the methodology, Japan Tobacco Group was excluded from this paper as well as the Chinese National Tobacco Company, due to differing ownership structures, language barriers and reporting standards. India also has a large conglomerate called India Tobacco Group. All of these companies might have different motivations for why they exist and their way of communicating towards stakeholders might differ drastically from how western companies approach this subject. For example, the Chinese National Tobacco Company only reports financial figures, nothing else. Is legitimacy a non-issue for them? A study of any of these mentioned companies or markets would be an interesting contrast and read. Such a study could hopefully find inspiration from this thesis as well as in the source material used.

### 6.3.2 Images - how are they used in tobacco companies' disclosures?

An interesting finding not immediately related to our study was that the reports of all tobacco companies had plenty of descriptive and detailed pictures in them. After a short review, it does look like the trend in pictures has changed during the years reviewed as well. We have the impression that there now are more and more pictures of risk-reduced products, despite them being a minority of sales for all companies. In the earlier reports from 2014, you would for example see the Marlboro logo and a picture of the cigarettes in the CEO statement. It is our impression the imagery has changed a lot. We got inspired by Aerts & Yan (2017) and Brennan & Merkl-Davies (2013) since they describe how images can be used as valuable and powerful tools for impression management via images. Tobacco companies changing both written statements and posting different pictures could very well increase the readers' opinion of the reports and the tobacco companies' future plans.

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## 8. Appendix with analysed reports

### British American Tobacco Annual Reports

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